EMPLOYMENT GROWTH IN NEW VENTURES: DIFFERENCES BETWEEN CORE AND PERIPHERAL REGIONS (SUMMARY)

Eli Gimmon
Tel-Hai College, Israel, eligim@telhai.ac.il

Zeev Greenberg
Tel-Hai College, Israel

Yanay Farja
Tel-Hai College, Israel

Recommended Citation
Gimmon, Eli; Greenberg, Zeev; and Farja, Yanay (2014) "EMPLOYMENT GROWTH IN NEW VENTURES: DIFFERENCES BETWEEN CORE AND PERIPHERAL REGIONS (SUMMARY)," Frontiers of Entrepreneurship Research: Vol. 34 : Iss. 14 , Article 8. Available at: https://digitalknowledge.babson.edu/fer/vol34/iss14/8

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized editor of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
Principal Topic

Previous research has focused on the role of new businesses in regional economic growth (e.g. Acs, 2010). Peripheral and especially rural areas are usually economically weaker or even deprived (Cannarella and Piccioni 2006) compared to their urban core counterparts. This phenomenon has been examined by studies conducted in different countries, both developing (Lanjouw 2001) and developed (Kalantaridis 2009). This study analyzes the factors that cause differences in employment growth between young SMEs in core and peripheral regions. Employment growth is a primary measure of venture performance (Andersson et al. 2013). Particular attention is given in our study to factors that interact with the firm's regional location in their effect on its growth.

Method

Mixed methods methodology was implemented, allowing more robust analysis. In the quantitative study we used in-depth questionnaires to measure factors related to employment in 160 Israeli new ventures, located in core and peripheral areas. Ventures ranged between 0 and 6 years old with average number of 5.4 employees at the time of the survey (2013) and sector related to industry, commerce, services and agriculture. In the qualitative study we conducted nine in-depth interviews with experts from academia along with experienced practitioners.

Results and Implications

Several factors were found to significantly influence SME growth: negative effect of business location at or near the owner's home; proximity of a majority of the business’ customers and suppliers was found to be a negative growth factor; dynamic capabilities in the business were found to positively affect growth; the use of business consulting was found to have a positive impact on growth only in peripheral regions. Significant interaction effects were found between the regional location and the use of consulting services by the business, and also between business home location and its proximity to suppliers and customers. These findings were corroborated by the interviewees as of the qualitative study.

The study contributes to the theory of geographical economics as it shows that peripheral location should not be considered growth inhibitor. Our results suggest a new structural model that incorporates these characteristics. Implications for entrepreneurs and policymakers are suggested to enhance employment primarily in peripheral regions.

CONTACT: Eli Gimmon; eligim@telhai.ac.il; (T) +972 48181682; Department of Economics and Management, Tel-Hai College, Tel-Hai 12208, Israel.